

**Minutes of the Health and Human Services Appropriations Subcommittee**  
**May 7, 2008**  
**Central City Community Health Center**  
**461 South 400 East**  
**Salt Lake City, UT 84111**

Members Present: Sen. Allen Christensen, Co-Chair  
Rep. Merlynn T. Newbold, Co-Chair  
Sen. Peter Knudson  
Sen. Ross Romero  
Rep. Richard Greenwood  
Rep. David Litvak  
Rep. Roz McGee  
Rep. Paul Neuenschwander  
Rep. Paul Ray  
Rep. Stephen Urquhart

Members Absent: Sen. D. Chris Buttars

Staff Present: Debbie Headden, Fiscal Analyst  
Russell Frandsen, Fiscal Analyst  
Greta Rodebush, Secretary

Speakers Present: Dr. Marc Babitz, Department of Health  
Dr. David Sundwall, Department of Health  
Dexter Pearce, Central City Community Health Center  
Dr. Keith Horwood, Central City Community Health Center  
Debbie Headden, LFA  
Russell Frandsen, LFA  
Lisa-Michelle Church, Department of Human Services  
Michael Hales, Department of Health  
Teresa Garrett, Department of Health  
Mark Ward, Department of Human Services  
David R. Stallard, Attorney General's Office  
Richard Melton, Department of Health  
Nathan Checketts, Children's Health Insurance Program

A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Christensen called the meeting to order at 9:18 a.m.

**1. Site visit & explanation of the State's Primary Care Grants Program**

Dr. Marc Babitz, Director, Division of Health Systems Improvement, Department of Health, gave an overview of the Primary Care Grants Program. He explained that the Program supports

primary care services for low income, uninsured, or under insured individuals who are not eligible for CHIP, Medicaid, Medicare, or private insurance. Dr. Babitz also reviewed the funding history of the Program and stated that an additional \$500,000 in ongoing funding appropriated in FY 2007 and FY 2008, has enabled the program to serve 7,000 more individuals, both rural and urban, at a cost of about \$90 per person/per year.

Dr. Babitz responded to questions from the committee regarding primary care services, eligibility, pharmacy benefits, and integrating primary care services into health care reform.

Dr. David Sundwall, Executive Director, Department of Health, remarked that successful health care reform could reduce the need for a safety net for the uninsured or under insured.

Dexter Pearce, Executive Director, Central City Community Health Center, distributed two Community Health Centers (FQHCs) fact sheets, and explained the role of Community Health Centers in Utah. There are 11 Community Health Center organizations with 29 delivery sites in Utah. These centers are community based "medical homes" that provide comprehensive, culturally competent, quality primary care services to individuals regardless of their insurance status or ability to pay.

Mr. Pearce invited committee members to join Dr. Keith Horwood in a tour of the Central City Community Health Center.

## **2. What happened during the 2008 General Session**

Debbie Headden, LFA, directed attention to the handout, "Health and Human Services Joint Appropriations Subcommittee, 2008 General Session General Fund Appropriations," and commented on prioritized ongoing and one-time funding items, building blocks funded within subcommittee reallocation, bills passed with other sources of revenue or no fiscal impact, and other funded items.

Sen. Romero asked that an analysis of subcommittee appropriation recommendations versus actual appropriations be prepared. Ms. Headden said that she would provide this information at the next interim meeting.

Rep. McGee asked how the items listed as "N/A" - not prioritized by the subcommittee, were chosen for funding. Ms. Headden replied that these items were chosen for funding in caucus meetings or by Executive Appropriations.

Co-Chair Newbold requested that the 2008 General Fund Appropriations for Health and Human Services be presented in comparison to the overall State budget.

Rep. Urquhart encouraged committee members to share their concerns regarding Health and Human Services funding issues with the broader body of legislators.

Mr. Frandsen explained that more than 50 percent of health issues were funded in FY 2009 when you include the items funded in the base budget.

### **3. 2008 General Session bills that passed**

Russell Frandsen, LFA, gave a brief overview of bills that were passed, bills passed but not heard in committee with one-time monies, and bills passed with other sources of revenue or no fiscal impact. In addition, Rep. Ray explained HB 265 - ORS Electronic Transfers, and Co-Chair Newbold commented on HB 366 - Medicaid Long Term Care Amendments.

Rep. Urquhart asked if committee members had heard back from constituents on items that were not funded. A discussion ensued regarding the following issues: increased funding for autism, continued support for local health departments, pandemic issues and stock piling, operation and funding of the Medical Examiner's Office, interfacing with the Health System Reform Task Force, and the increase in teen pregnancy.

Co-Chair Newbold requested a cost analysis on what the counties are paying per person for each local health department. Rep. Urquhart asked that the analysis include the use of state dollars and services provided.

Dr. Sundwall explained that the Department of Health was working with the local health departments to formulate a statewide public health plan. He encouraged future committee dialogue in the allocation of funds in this matter. Dr. Sundwall also spoke to a number of unmet funding needs that included the Medical Examiners Office, public health surveillance under NEDSS - National Electronic Disease, and partnerships with the private sector in addressing obesity.

Dr. Sundwall invited the subcommittee members to a meeting on Governor's Task Force on Public Health Emergency Preparedness on May 22, 2008.

Co-Chair Newbold stated that there needs to be better communication between the policy making and funding bodies of the legislature. Mr. Frandsen offered to provide a brief summary of what other health-related committees are discussing.

Lisa-Michelle Church, Executive Director, Department of Human Services, stated that she had been treated fairly in this last General Session. She listed three items for study: disabilities waiting list and managing people's expectations, children's mental health and outsourcing services into the community, and state hospital privatization.

**4. Any federal changes that may impact future budgets**

Michael Hales, Director, Division of Health Care Financing, Department of Health, talked about regulation changes in the Medicaid Program that are scheduled to take effect on May 23, 2008, pending a possible moratorium. Mr. Hales highlighted two changes: cost limit for public providers rule that will require the State to cost settle with all publicly funded hospitals. This change represents a \$40 million loss of federal funds, reducing the State match by \$12 to \$15 million. The other rule change is payment for graduate medical education. Mr. Hales explained that Medicaid has never had the statutory ability to pay for this, and if this takes effect, there will be a \$19 million loss of federal funds which reduces the states match by \$5 to \$6 million. The loss of funds will reduce the number of medical students receiving training.

Teresa Garrett, Director, Division of Epidemiology and Laboratory Services, Department of Health, stated that core infrastructure plays an important role in addressing public health issues such as pandemic influenza and local health departments. She also expressed concern regarding funding decreases for the HIV Care and Treatment Program. The decreases are compounded by the fact that the program is growing by 20% each year and the cost of drugs are increasing by 10% per person per year.

Ms. Garrett informed the committee that in order to continue providing critical services to existing clients, the AIDS Drug Assistance Program was closed to new clients as of April 8, 2008. As a result of this action, it is estimated that 15 individuals will be turned away. Ms. Garrett pointed out that \$475,000 in federal supplemental funding is available, and this would require a match of \$118,000.

Rep. McGee asked what percentage of individuals on the program are children. Jody Pond, Manager, HIV/AIDS Treatment and Care Program, responded that most children qualify for other programs such as CHIP and Medicaid.

Mark Ward, Deputy Director, Department of Human Services, commented on the federal policy changes impacting the Department of Human Services. He mentioned the single worker case management regulation which requires billing in 15 minute increments, and the reduced federal Medicaid funding for rehabilitative services for therapeutic and mental health services.

Rep. Litvak inquired about possible solutions to these funding gaps. Co-Chair Christensen indicated that the committee would continue to follow these issues.

Rep. Newbold asked Mr. Hales about an internal reallocation of funds or outside funding to help alleviate the funding shortage in the HIV Care and Treatment Program. Mr. Hales responded that services would have to be cut elsewhere and Ms. Garrett mentioned that in the past, the program has received outside funding from IHC which was spread out over two years to cover matching funds.

## **5. Pending Legal Action**

Lisa-Michelle Church, Executive Director, Department of Human Services, reported on the David C. Lawsuit. She felt confident that at the end of the year, this lawsuit will be dismissed with prejudice and the Department of Child and Family Services (DCFS) will no longer be under court supervision. Once the lawsuit is dismissed, encouraging employees to take responsibility for program success and failure will be a challenge. She advised against future attempts to scale back or de-fund the program.

Ms. Church stated that the defendants in the Parker Jenson lawsuit have filed motions for summary judgment in federal court, claiming that they should no longer be in the lawsuit, claiming that processes of Child and Family Services and Juvenile Court were handled unconstitutionally. A trial date is set for next year.

Ms. Church also gave an update on the Wanda Barzee and Brian David Mitchell lawsuits. The Supreme Court has issued a stay on the District Court's ruling that forcible medication was warranted in the Wanda Barzee case. A writ of certiorari has now been filed in the United States Supreme Court.

David R. Stallard, Assistant Attorney General, commented on a one-page summary, "Utah Attorney General's Office, Medicaid Fraud Control Unit ("MFCU"), April 24, 2008." He explained that there are four active state lawsuits seeking civil Medicaid fraud recoveries that have the potential to recover tens, or even hundreds, of millions of dollars for Medicaid. One of the lawsuits is against Merck for failure to warn of known adverse effects (heart attacks & strokes) from Vioxx. Mr. Stallard explained that the state is seeking reimbursement to the Medicaid program for treating the heart attacks and strokes caused by Vioxx.

## **6. Study Items**

Debbie Headden, LFA, directed the committee's attention to two lists, "Fiscal Analyst Suggestions for Study Items," and "Potential Interim Study Topics from the Master Study Resolution." The Fiscal Analyst suggestions included:

### Health

- Children's vaccines: requirements, vaccination rates, outbreaks of preventable diseases, options for increased vaccination compliance
- Local Health Department funding: statutory requirements, funding sources
- Costs and benefits of requiring a 100% electronic medical record system

### Human Services

- In-depth budget review of the Divisions of Aging and Adult Services and Services for People with Disabilities
- Review of provider salaries for direct care workers

Mr. Frandsen also reminded the committee of two study suggestions for Health brought up during the meeting: Autism and Medical Examiner's Office.

Rep. Ray informed the committee that the Health and Human Services Interim Committee will be discussing the Medical Examiner's Office, Autism, and the DSPD Waiting List on the May 21, 2008. He suggested that this information could be shared with the Health and Human Services Appropriations Subcommittee. He also mentioned other topics to be discussed later on in the interim. They include the Health and Wellness Program, obesity, and pain medication management education.

Rep. Neuenschwander asked the Department of Health and the Department of Human Services to comment on the fiscal analyst's suggested list of study items. Lisa-Michelle Church expressed support for the Human Services study items, but she felt that the in-depth study for the Division of Services for People with Disabilities was critical.

Richard Melton, Deputy Director, Department of Health, suggested that it would be better to wait one year on the electronic medical record system report in order to provide a more in-depth study particularly in the area of cost in quality and benefits.

Co-Chair Newbold requested that the Department of Health provide an update on the electronic medical record system at the next interim meeting in September.

Rep. Litvak requested a progress report on initiatives being considered by the Health System Reform Task Force.

Rep. McGee requested an update on dental provider rates and the privatization of the State Hospital. Rep. Newbold mentioned that Sen. Bramble would be holding a meeting sometime during the interim to discuss the privatization issue. Co-Chair Christensen said that a report on the actions of that meeting would be sufficient.

Ms. Headden itemized a list of committee study preferences:

- Summary of the Interim meetings which would include a follow-up on obesity and the Medical Examiner's Office.
- Demographics of teen pregnancy.
- Update on electronic medical records system, including e-prescribing

- Update on the Health System Reform Task Force.
- Update on dental provider rate.
- Report on the State Hospital privatization
- Analysis of the Health and Human Services Appropriations Subcommittee budget compared to other appropriations subcommittees, including historical data, as well as budget requests compared to actual funding.

## **7. Follow-up on CHIP enrollment and funding**

Nathan Checketts, Director, Children's Health Insurance Program, commented on the handouts: "CHIP Enrollment History," "Quarterly Management Review," "Outreach and Marketing Summary, Fiscal Year 2008," and the "Disenrollment Survey Key Findings." Mr. Checketts stated that when enrollment was closed in September 2006, rolls declined by one-third. However, with new funding, enrollment was reopened in July 2007 and since then, there has been a steady increase in enrollment.

Mr. Checketts reviewed outreach and marketing activities that include media campaigns, CHIP Van Events, and community outreach appearances. He also informed the committee that the program is running under budget due to overestimated enrollment projections. And finally, Mr. Checketts stated that any unspent monies are nonlapsing and will be used for next year's enrollment growth.

Rep. McGee inquired about the most successful outreach marketing strategies. Mr. Checketts responded that radio, TV ads, and the CHIP Van Tour, have raised awareness. He pointed out that many people do not yet realize that they can enroll in the Program year round.

Mr. Checketts commented on the "Disenrollment Survey" and discussed reasons why CHIP members chose not to renew their enrollment. Obtaining other health insurance (including Medicaid), and household income exceeding CHIP eligibility limits were the two primary reasons for disenrolling. Increases in CHIP premiums also impact enrollment as well.

Sen. Romero asked about individuals who are disenrolling and then re-enrolling after a couple of quarters, and if there are any incentives to keep them on the rolls. Mr. Checketts responded that when an individual re-enrolls, they are asked to pay back premiums for the months they were not enrolled.

Rep. Litvak inquired about individuals disenrolling who had access to other insurance options. Mr. Checketts stated that he would provide this information at a later date.

**8. Follow-up on FY 2008 vision care funding**

Michael Hales, Department of Health, gave a brief update on the vision care funding. In FY 2008, Health was given \$174,000 GF intending to get a waiver approved by the federal government which didn't get approved. During the 2008 General Session, Health was given authorization to use it on a fee-for-service program. Since March 1, 2008, \$26,000 has been paid out for eye glasses for 2400 people. The Department expects that \$50,000-\$60,000 will be paid out by the end of FY 2008. The remaining balance will lapse to the General Fund.

Mr. Hales also gave an update on Medicaid enrollment. He stated that Medicaid rolls carry a monthly base average of 160,000 enrollees. In March 2008, enrollment increased by 1600 new enrollees, and in April 2008, enrollment increased by 2500, which was the third highest single monthly increase in 7 years. Medicaid funding should be adequate for the current fiscal year. Moving into FY 2009, caseload utilization increases were not funded. Mr. Hales pointed out however, that there is some previous year funding for caseload growth that did not materialize.

**9. Plan 2nd Interim Meeting**

Lisa-Michelle Church suggested that the committee meet at the Drug Court for an hour and then convene in a meeting room in the Matheson Court House. She also suggested meeting at Valley Mental Health.

Co-Chair Christensen informed the committee that the next meeting will be at a Drug Court, located at the Matheson Court House.

**MOTION:** Sen. Knudson moved that Co-Chair Christensen and Co-Chair Newbold get together and propose a date for the 2nd Health and Human Appropriations Subcommittee Meeting. The motion passed unanimously.

**10. Other business**

Co-Chair Christensen entertained a motion from Sen. Knudson.

**MOTION:** Sen. Knudson moved to adjourn. The motion passed unanimously.

Co-Chair Christensen adjourned the meeting at 12:03 pm.